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英文版

财务与会计系列

中级会计学

(第十三版)

INTERMEDIATE ACCOUNTING

(THIRTEENTH EDITION)

SKOUSEN, STICE, STICE



世界财经与管理教材大系



东北财经大学出版社

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财务与会计系列·英文版

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**Intermediate Accounting
Thirteenth Edition**

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出版者的话

但凡成事，均缘于势。得势则事成，失势则事不顺。顺势而行，如顺水行舟；借势而动，如假梯登高；造势而为，如太空揽月。治学、从政、经商、置业，均不可一日失势。势者，长处、趋势也。

今日中国，是开放的中国；当今世界，是开放的世界。改革开放，大势所趋，势不可挡。经济开放、文化开放、政治开放，世界需要一个开放的中国，中国更要融入开放的世界。借鉴国际惯例，学习他人之长，已经到了不可不为之时。

借鉴国际惯例，学习他人之长，已属老生常谈，但学什么、如何学、以何为蓝本为众多志士仁人所关注。可喜的是，由赤诚图文信息有限公司精心策划，ITP、McGraw-Hill及Simon & Schuster等国际出版公司特别授权，东北财经大学出版社荣誉出版的“世界财经与管理教材大系”现已隆重面世！她以“紧扣三个面向，精选五大系列，奉献百部名著，造就亿万英才”的博大胸襟和恢弘气势，囊括经济学、管理学、财务与会计学、市场营销学、商务与法律等财经、管理类主干学科，并根据大学教育、研究生教育、工商管理硕士（MBA）和经理人员培训项目（ETP）等不同层次的需要，相应遴选了具有针对性的教材，可谓体系完整，蔚为大观。所选图书多为哈佛、斯坦福、麻省理工、伦敦商学院、埃维商学院等世界一流名校的顶尖教授、权威学者的经典之作，在西方发达国家备受推崇，被广为采用，经久不衰，大有“洛阳纸贵”之势。

借鉴国际惯例，毕竟只是因势而动；推出国粹精品，才是造势而为。在借鉴与学习的同时，更重要的是弘扬民族精神，创建民族文化。“民族的，才是国际的”。我们提倡学他人之长，但更希望立自己之势。

势缘何物，势乃人为。识人、用人、育人、成人，乃人本之真谛。育人才、成能人，则可造大势。育人、成人之根本在教育，教育之要件在教材，教材之基础在出版。换言之，人本之基础在书本。

凡事均需讲效益，所谓成事，亦即有效。高效可造宏基，无效难以为继，此乃事物发展之规律。基于此，我们崇尚出好书、出人才、出效益！

东北财经大学出版社

1998年4月

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Will Your Students Keep Records or Set Them?

The era when accounting was considered as somehow detached from the day-to-day world of business is over. Accounting is no longer thought of as a secondary function in the back room that simply keeps records for the *real* business out front. With advances in technology and changing attitudes of business managers, accounting has evolved into a vital *resource* for management, an important partner in achieving the fundamental goals of the organization, whether it be a small business or a multinational corporation.

This evolution requires a change in the way accounting is taught, and in the organization and content of textbooks and the other learning tools that students and instructors use. *Intermediate Accounting, 13e* and its extensive supplement package represent this important new approach.

Intermediate Accounting incorporates all the essential concepts of the discipline, but presents them in a new way that reflects an unparalleled understanding of today's business world and an appreciation for the way students read, think, and learn.

THE ACTIVITIES OF BUSINESS

“*The activity-based approach used in the book is logical and will enable students to see themselves as decision makers rather than record keepers.*”

*Hossein Shalchi,
California State University—San Bernadino*

”

The organization of the text is designed to help students make the connection between accounting principles and the central activities of business—operating, financing, and investing. These are the activities that attract customers, produce bottom-line results, and mean success or failure for companies and the people who run them. Concentration on these three essential activities represents an important step forward from the traditional balance sheet approach, which focuses on accounting for individual elements without making explicit links to business processes or functions.

Students using *Intermediate Accounting* take an important advantage with them into the world of business—they understand accounting in terms of operating, financing, and investing. These students are well prepared to work as managers in these functional areas, or as valuable teammates or advisors of those who do.

FORM FOLLOWS FUNCTION

The organization of *Intermediate Accounting* is new and strongly reflects its focus on the activities of business. Building on the foundations of financial accounting (Part 1), Part 2 discusses business from the perspective of operating, financing, and investing and how accounting is intrinsically linked to each.

Part 3 covers additional business activities and disclosures. For instance, Chapter 17 consolidates topics dealing with employee compensation. Chapter 18 contains new material on derivatives and the fair value of financial instruments.

Part 4 covers other dimensions of financial reporting such as earnings per share, accounting changes, and financial statement analysis, including changing prices and changing currencies.

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Brief Table of Contents

See page iii.

In this edition, discussion of the time value of money is moved to an appendix, allowing instructors the flexibility of covering present value issues when they feel it is most appropriate.

“

“I like the inclusion of financial ratios integrated throughout the text.”

*Cynthia Jeffrey,
Iowa State University*

”

Coverage of financial and accounting ratios is integrated throughout the text and summarized in the final chapter. For example, Chapter 3 includes efficiency, liquidity, and asset mix ratios in its discussion of the balance sheet; inventory turnover and days' sales in inventory are discussed in Chapter 8. These and many other ratios are tied together in the last chapter, but, consistent with the activities theme of the text, students do not need to wait until the end of the text to appreciate how accounting information is used by managers.

Based on input from instructors, we have significantly expanded the coverage of international and ethical issues throughout the text. An international icon is shown in the end-of-chapter assignments to highlight problem materials dealing with international issues.



International Icon
See pages 36, 42, 137, and 156.

THE FOREST...

“

“I believe the balanced coverage approach is a good one. I like for the student to be introduced to basic ideas first, then to help them transfer those ideas to more complex situations.”

*Myrtle Clark,
University of Kentucky*

”

The thirteenth edition of *Intermediate Accounting* provides comprehensive coverage of essential accounting topics, but in a more efficient, streamlined format than other intermediate accounting texts. Students recognize key topics immediately—the more important the topic, the greater detail in which it is covered.

...AND THE TREES

“

“I like the idea of presenting basic and expanded material in separate sections. This format lets me teach the basics without having to weed out and disentangle more advanced material on my own.”

*Susan Watts,
Indiana University*

”

Where appropriate, chapters are divided into two main sections. The first section covers the central content of the chapter. The second section, “Expanded Material,” deals with complexities, variations, alternatives, and exceptions. For example, the main part of Chapter 8 deals with the fundamentals of cost of goods sold and inventory. More complex methods such as LIFO pools and dollar-value LIFO are found in Expanded Material, for use at the professor’s discretion.

The flexible nature of Expanded Material allows professors to 1) cover the essentials of an ever-expanding set of course material and 2) tailor the course to their own specific preferences and circumstances. Because of it, students can easily see the forest *and* the trees.

EXPANDED MATERIAL

Expanded Material
See pages 70 and 250.

in general journal. Special journals eliminate much of the repetitive work involved in recording routine transactions. In addition, they permit the recording functions to be divided among accounting personnel, each individual being responsible for a separate record. This specialization often results in greater efficiency and increased accuracy, as well as a higher degree of control.

END OF CHAPTER = BEGINNING OF TRUE COMPREHENSION

This edition incorporates a major upgrade in the variety and quality of end-of-chapter (EOC) assignments. Professors can select from a spectrum of EOC material for each chapter:

- 15-25 questions to help assimilate chapter content
- Brief cases for homework or classroom discussion
- Exercises to reinforce key concepts or applications
- Problems that integrate several concepts or techniques



"The problem material of Skousen is clearly superior. Indeed, I don't know of another Intermediate text that even comes close."

*Randall B. Hayes,
Central Michigan University*



In addition to traditional questions, cases, exercises, and problems, each chapter's EOC now includes Expanded Competency Material designed to cultivate the skills of critical thinking, communication, research, and teamwork necessary for accountants and other business professionals.

DISCUSSION CASES

CASE 1-1

HOW SHOULD I INVEST?

Assume that you just inherited \$1 million. You are aware that numerous studies have shown that investments in equity securities (stocks) give the highest rate of return over the long run. However, you are not sure in which companies you should invest. You send for and receive the annual reports of several companies in three growth industries.

In making your investment decision, what useful information would you expect to find in:

- a. the balance sheet?

Discussion Cases

See pages 34, 78, and 134.

The Expanded Competency Material includes:

- Up to five "Deciphering Real Financial Statements" problems that allow students to analyze actual financial statement data derived from recent annual reports.
- At least one writing assignment to be completed individually or in a group.
- One group research project that involves real world research, data collection, or interviews.
- A debate requiring two teams to argue the opposing sides of an accounting controversy.
- An Internet Search assignment that provides practice in using the Internet to find specific information.

Expanded Competency Material
See pages 40, 98, and 155.

ECM	▶ Deciphering Actual Financial Statements	▶ The Debate
	▶ Writing Assignment	▶ Ethical Dilemma
	▶ Research Project	▶ Internet Search

Accounting is more than just doing textbook problems. This expanded competency material provides practice in critical thinking, oral and written communication, research, teamwork, and consideration of ethical issues.

▶ **Deciphering Actual Financial Statements**
 • **Deciphering 1-1 (The Walt Disney Company)**
 The 1995 financial statements for The Walt Disney Company are included in Appendix A. Locate those financial statements and consider the following questions.

1. How well did Disney do financially during the year ended September 30, 1995? (Hint:

In summary, the EOC for this edition is modified and expanded significantly to meet and exceed AECC recommendations for developing broad competencies among accounting students.

“The end-of-chapter material is comprehensive and appropriate. In many cases it extends the material covered in the text so that the student can apply the concepts to realistic examples or learn more than what has been traditionally taught.”

Myrtle Clark,
University of Kentucky

Opening Scenario Excerpt
See pages 2, 44, 102, 160, and 220.

GETTING REAL

Are students more interested in accounting techniques in the abstract, or in how prospective employers might implement them? Because the answer to this is quite obvious, *Intermediate Accounting* incorporates numerous specific examples of accounting policies and procedures as practiced by real world industry leaders.

An opening scenario in each chapter illustrates, via current company examples, how the chapter's content is relevant to students' future careers. Each chapter also features at least one boxed item relating to current business news that asks students to consider various policy and conceptual issues to address the company's situation or problem. Suggested solutions to the boxed items are included in the Solutions Manual.

2

LEARNING OBJECTIVES

- 1 Describe the purpose of financial reporting and identify the primary financial statements.
- 2 Explain the function of accounting standards and describe the role of the FASB in setting those standards in the United States.
- 3 Recognize the importance to financial reporting of the SEC, AICPA, AAA, IRS, and IASC.
- 4 Understand the significance of the FASB's conceptual framework in outlining the qualities of good accounting information, defining terms such as asset and revenue, and providing guidance about appropriate recognition, measurement, and reporting.
- 5 Identify career opportunities related to accounting and financial reporting in the fields of public accounting, corporate accounting, financial analysis, banking, and consulting.

Analysis of the data gathered in the United States Census of 1880 took almost ten years. For the census of 1890, the U.S. government commissioned Herman Hollerith to provide data tabulation machines in an attempt to speed up the process. This system of mechanized data handling saved the census bureau \$5 million and slashed the data analysis time by two years.¹ In 1924 Hollerith's company adopted the name International Business Machines Corporation (IBM). IBM became the largest office machine producer in the United States with sales of over \$180 million in 1939.

In 1950, resistance to the idea of electronic computers was high inside IBM. IBM's engineers were specialists in electromechanical devices and were uncomfortable working with vacuum tubes, diodes, and magnetic recording tapes.² In addition, there were many questions about the customer demand for electronic computers. One IBM executive forecast that the size of the total worldwide market was no more than five computers. Following significant internal debate, IBM pressed forward with the production of its first electronic computer, the 701. Through the 1960s and '70s, with its aggressive leasing program, emphasis on sales and service, and continued investment in research and development, IBM established a dominant (some claimed a monopolistic) position in the mainframe computer market.

When the IBM PC was released in 1981, it quickly became the industry standard for personal computers. By 1986, IBM held 40% of the PC market.³ Amid this success, IBM made what, in retrospect, was a crucial error—it chose to focus on producing and selling hardware and to leave the software, by and large, to others. In fact, IBM did not develop the operating system for its first PC, instead electing to use a system called “DOS,” licensed from a small, 32-person company named Microsoft. In the early 1990s, as profits of software developers such as Microsoft and Novell exploded, the profits of IBM slumped greatly. In 1990, IBM reported an operating profit of \$1.1 billion. Operating profit in 1991 fell to \$912 million, and operations showed a loss of \$45 million in 1992, IBM's first operating loss ever. As of December 31, 1992, the total market value of IBM stock was \$29 billion, down from \$106 billion in 1987 when IBM was the most valuable company in the world.

As has always been the case when stockholders lose money, anal- sis took another look at IBM's financial statements to determine whether accounting techniques were used to artificially inflate IBM's reported performance.

1 James W. Corrado, "Before the Computer," *Processors*, N.J.: Prentice-Hall, 1992.
2 Franklin M. Fisher, James W. McKee, and Richard B. McJannet, "IBM and the U.S. Data Processing Industry," New York: Praeger, 1983.
3 Paul B. Conard, "Case Studies: How on IBM Attempt to Regain PC Lead Has Sold No Trouble," *The Wall Street Journal*, December 2, 1991, p. A1.

OPENING SCENARIOS - EXAMPLES:

- IBM: Its Rise, Its Fall, and Its Creative Accounting (Chapter 1, page 2)
- The Balance Sheet of the Boston Celtics (Chapter 3, page 102)
- Blockbuster Video: Garbage, Videos, and Depreciation Policy (Chapter 13, page 726)
- Net Assets in the U.S. Federal Government—Negative \$3.1 Trillion (Chapter 17, page 954)

“*Learning objectives, real-world examples, and international [coverage] are done very well. I particularly like the opening scenarios, which set the tone and could generate some good classroom discussion.*”

*Gary Bulmash,
American University*

”

BOXED ITEMS - EXAMPLES:

- Who Hates the FASB? (Chapter 1, page 12)
- Russian Accounting (Chapter 2, page 58)
- Phar-Mor and the World Basketball League (Chapter 4, page 176)
- Will Mickey Mouse Be Around in 100 Years? (Chapter 10, page 540)

WHO HATES THE FASB?

Some things in life are constant: Texans complain about the summer heat, Minnesotans complain about the winter cold, voters complain about Congress, and accountants and business people complain about the FASB. In recent years, the FASB has been criticized for overly complex deferred tax accounting, market value accounting leading to more volatile earnings, postretirement benefit accounting that has significantly increased reported liabilities, and difficult stock option accounting that many users think is unnecessary.

Criticisms of the FASB fall under two general headings:

1. The standards are too theoretical and too costly to implement.
2. The standards negatively impact companies' bottom lines.

The FASB has made a great effort to address the first concern. Proposed standards are often field-tested to ascertain how costly they will be to implement. Recent standards, such as Statement No. 115, which requires recording most securities at market value, have included explicit discussion of the expected costs and benefits of the standard. The Board also asks selected volunteer companies to field-test proposed standards to get an idea of how to minimize implementation costs. The Board views the standard-setting process as a balancing act—balancing the desire to make financial reporting technically and theoretically sound against the need to avoid overly radical and costly changes in the current system.

Although business executives often oppose FASB standards in public by voicing practicality concerns, privately

Boxed Item

See pages 12, 30, 56, 58, 68, 112, and 126.

Elsewhere are hundreds of examples, illustrations, and exercises featuring Disney, Exxon, Coca-Cola, Toyota, Nike, Wal-Mart, Sara Lee, and many other leading firms. Company names are highlighted in blue and are indexed at the end of the text.

“

“I like the discussion of the various companies both in the opening scenarios and in other places. They are of the right length and are easy to understand. They seem very relevant.”

*Mary Loyland,
University of North Dakota*

”

Real Company Financial Statement
See pages 99, 104, 119, and 156.

Compaq Computer Corporation Condensed Consolidated Statement of Income		
Year ended December 31, (in millions except per share amounts)		
	1995	1994
Sales	\$14,755	\$10,866
Cost of sales	11,367	8,139

NEW APPROACH, NEW LOOK

Intermediate Accounting, 13e, takes an important new perspective on accounting's role in the activities of business. It also takes on an entirely new look.

Students consistently complain that business textbooks, especially accounting texts, are dull, outdated, and uninteresting to read. Not anymore. *Intermediate Accounting, 13e*, with its bright, colorful, and graphic-rich layout, is designed specifically to capture and maintain student interest. The consistent use of color, graphics, and icons sets this text apart from the crowd.

“

“My overall impression is the text is very high-tech, contains lots of graphics, and is exceptionally readable.”

*Jim S. Seow,
University of Connecticut*

”

The new layout is enhanced by Margin Notes and Stop & Thinks. Margin Notes emphasize additional points of interest and caution. Stop & Thinks provide critical thinking questions to stimulate student curiosity and class discussion.

“I commend the little ‘learning nuggets’ like the FYIs, Stop & Thinks, and Cautions that are liberally presented in the text. They will be appreciated by students.”

*Emeka Ofobike,
University of Akron*

estimated liability A liability for an indefinite amount that must be estimated.

Caution! This description makes it sound like accounting for contingencies is cookbook simple. But the words “probable” and “possible” represent very complex concepts. For example, when exactly does a future event (like a thunderstorm tomorrow) stop being “possible” and start being “probable”?

A contingent liability is distinguishable from an **estimated liability**. An estimated liability is a definite obligation with only the amount of the obligation in question and subject to estimation at the balance sheet date. Examples of estimated liabilities are pensions, warranties, and deferred taxes. Some liabilities combine the characteristics of contingent and estimated liabilities. A good example is a company’s obligation for environmental cleanup costs. In many cases, a company is not certain it is liable for environmental damage until the obligation is confirmed in the courts. However, even after the cleanup obligation is verified, estimating its amount is quite difficult—the cleanup typically extends over several years, the amount of the cost to be shared by other polluting companies is uncertain, and governmental environmental regulations can change at any time. If no reasonable estimate of an obligation can be made, it is not recognized as a liability in the balance sheet, but

the nature of the obligation is disclosed in the financial statement notes. Chapter 18 contains more details on the accounting for contingent and estimated liabilities.

STOP THINK: The current/noncurrent classification scheme is only one way to split assets and liabilities into two groups. Can you think of any other basis that might be used to separate assets and liabilities into two groups?

Margin Notes and Stop & Think
See pages 53 and 115.

SEE THE SITES

“The reference to actual Internet addresses is very impressive and would make it very easy to begin the job of exposing students to the Internet.”

*Barry Knight,
California State University–San Bernadino*

It seems impossible to overstate the importance of the Internet, not only for academic research, but also for the future careers of today’s students. Accounting graduates will use the Net to find and share information in ways we cannot even imagine today. **Intermediate Accounting** is designed to take advantage of Internet resources and help students learn and appreciate this important medium.

Net Work Exercise

See pages 4, 15, 28, 56, and 125.

www.swcollege.com/skousen.html

Many influential accounting organizations have their own Web sites, including the SEC (<http://www.sec.gov/>), the AICPA (<http://www.aicpa.org/index.htm>), the AAA (<http://www.rutgers.edu/Accounting/raw/aaa/>), and the IRS (<http://www.irs.ustreas.gov/>).

Net Work:

Visit one of these sites and describe some of the information provided.

In each chapter, students are directed to World Wide Web sites that contain data relevant to the chapter's content. For instance, the Internet material for Chapter 1 includes an assignment that involves EDGAR, the online database of the Securities and Exchange Commission.

Internet Search

Let's go take a look at one of the most profitable companies around—Microsoft. The Internet address is <http://www.microsoft.com>. Sometimes Web addresses change, so if this Microsoft address doesn't work, access the Web site for this textbook (<http://www.swcollege.com/skousen.html>) for an updated link to Microsoft.

Once you have accessed Microsoft's Web site, complete the following exercises:

Internet Search Exercise

See pages 42, 100, and 159.

Intermediate Accounting is firmly entrenched on the Internet with its own Web site: <http://www.swcollege.com/skousen.html>. This site features updated links for all URLs mentioned in the text as well as additional resources for both instructor and student.

SPEAKING OF TECHNOLOGY

The thirteenth edition makes the most of technology. Hundreds of teaching slides in Microsoft PowerPoint format can be used in on-screen lecture presentations, printed out and used as traditional overheads, or printed and distributed to students (3 or 6 to a page). This last option allows students to concentrate on the professor, rather than rushing to copy down the information or exhibit contained on each slide.

“

“This text impresses me as innovative and up-to-date. It is more advanced with respect to technology than my current text.”

*Cheryl L. Fulkerson,
University of Texas—San Antonio*

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New to the edition is Homework Assistant and Tutor (HAT) software, developed by Ray Meservy of Brigham Young University. This Windows-based software visually illustrates the relationship between accounting transactions and their impact on financial statements. In addition, Lotus and Excel spreadsheet templates are available for solving selected end-of-chapter exercises and problems.

Teacher's Homework Assistant and Tutor

File Statements Problems Demo Windows Help

Trans. No. 2 of 16

Check Button: Press to check all work done on problem thus far.

Balance Sheet

Brooke Company
Balance Sheet (in Dollars)
3/1/97

Assets		Liabilities and Owner's Equity	
Current Assets <input type="button" value="Add"/>		Current Liabilities <input type="button" value="Add"/>	
Cash	38,500	Accounts Payable	122,500
Short Term Invest.	10,000	Notes Payable	17,500
Accounts Rec.	12,500	Wages Payable	2,500
Inventory	125,000	Total Current Liabilities	142,500
Total Current Assets	186,000	Long-Term Liabilities <input type="button" value="Add"/>	
Non-Current Assets <input type="button" value="Add"/>		Mortgage Payable	37,500
Land	25,000	Total Long-Term Liab	37,500
Building	75,000	Total Liabilities	180,000
Equipment	20,000	Owner's Equity <input type="button" value="Add"/>	
Total Non-Current	120,000	Capital Stock	95,000
Total Assets	306,000		

General Journal

Date	Re	Description	P	Debits	Credits
2/1/97	1	Inventory	X	110,000	
		Accounts Payable	X		110,000
3/1/97	2	Cash	X	25,000	
		Capital Stock	X		25,000

Brooke Company
3/1/97
Issued an additional \$25,000 of capital stock (2,500 shares) for cash.

25,000 Calc Help
Previous Next

HAT Screen Shot

“

“I would certainly encourage my students to use HAT as it bridges the gap between a transaction and its effects on accounts and the financial statements.”

*Mary M. K. Fleming,
California State University—Fullerton*

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SOMETIMES MORE IS MORE

A comprehensive package of supplementary materials is provided with this edition to assist both instructors and students.

AVAILABLE TO INSTRUCTORS

Solutions Manual

This manual contains independently verified answers to all end-of-chapter questions, cases, exercises, problems, and expanded competency materials, plus suggested solutions to questions that accompany the boxed items and Stop & Think questions in the text.

Solutions Transparencies

Acetate transparencies of solutions for all end-of-chapter exercises and problems are available to adopters.

Instructor's Resource Manual, prepared by David M. Cottrell, BYU

This manual contains objectives, chapter outlines, teaching suggestions and strategies, and topical overviews of end-of-chapter materials. It also features assignment classifications with level of difficulty and estimated completion time, suggested readings on chapter topics, and transparency masters. The text of the Instructor's Resource Manual is available on diskette.

Test Bank, prepared by David M. Cottrell, BYU

The revised and expanded test bank is available in both print and computer (DOS and Windows) versions. Test items include multiple choice questions and short examination problems, as well as brief quizzes, for each chapter, accompanied by solutions.

NEW! PowerPoint Slides, prepared by David M. Cottrell, BYU

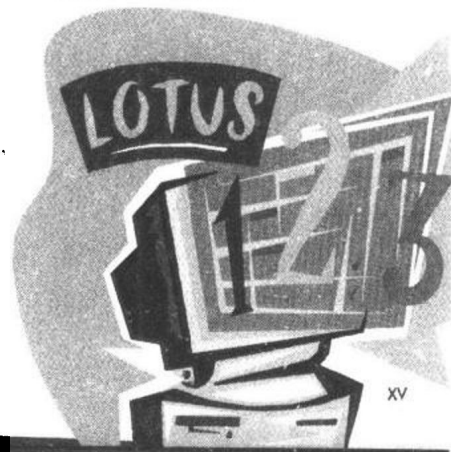
Selected teaching transparency slides of key concepts and exhibits are available in PowerPoint presentation software.

Lotus icon
See pages 92, 152, and 154.

AVAILABLE TO STUDENTS

Spreadsheet Template Diskette, prepared by Marvin Bouillon, Iowa State University

Lotus 1-2-3 and Excel templates are provided for solving selected end-of-chapter exercises and problems that are identified in the text with a Lotus icon.



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